

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORIES
NAPUS/USPS-T1-23 THROUGH 31 AND T1-35 THROUGH T1-41**

The United States Postal Service hereby provides institutional responses to the above-listed interrogatories of the National Association of Postmasters of the United States directed to witness Boldt on August 12, 2011. The interrogatories have been redirected from witness Boldt to the Postal Service for institutional responses. Each interrogatory is stated verbatim and followed by the response. The responses of witness Boldt to NAPUS/USPS-T1 32 through 34 are filed separately.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NAPUS INTERROGATORY REDIRECTED FROM WITNESS BOLDT**

NAPUS/USPS-T1-23

Please refer to USPS-T-1, page 14. You state in your testimony that the Retail Access Optimization initiative will “examine the feasibility of discontinuing operations at Post Offices, stations and branches within the retail network.” Moreover, you state: “Approximately, 3,650 candidate facilities will be examined.” Please confirm that the RAO examination has already started. When will the first examined post offices be posted for proposed closures? Please explain why the Postal Service commenced the RAO initiative prior to receiving the required advisory opinion.

RESPONSE

Please review section 3661 of title 39, United States Code. It requires the Postal Service to request a non-binding advisory opinion from the Commission a reasonable time before implementing any substantially nationwide changes in the nature of postal services. The July 27, 2011 Request filed by the Postal Service and the testimony of witness Boldt makes clear that Postal Service will not implement any service changes arising from the RAO Initiative until December 2011 at the earliest. See 39 C.F.R. § 3001.72 for the Commission's definition of what constitutes a reasonable time. The testimony of witness Boldt makes clear that no decision to discontinue retail operations at any location as a result of the RAO Initiative will be made before October 2011.

The Postal Service does not interpret section 3661 or the Commission's rules as requiring it to wait until after it has received the requested advisory opinion before exploring or determining the feasibility of service changes that may be implemented as part of a substantially nationwide initiative being reviewed under section 3661. Accordingly, examination of the feasibility of service changes within the scope of the RAO Initiative is underway.

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NAPUS/USPS-T1-24

Please explain the different contracting and regulatory authorities under which the Postal Service may enter into an agreement with a Contract Postal Unit (CPU), in contrast to a Village Post Office?

RESPONSE

The same USPS Supply Management principles and practices reflected in 39

C.F.R. Part 601 apply to both.

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NAPUS/USPS-T1-25

Please refer to POIR-1, question 12.

Please differentiate the “bidding process” for a CPU, as compared to the bidding process for a VPO?

Please explain who would be responsible for identifying and soliciting potential VPO contractors, and how does this differ from identifying and soliciting potential CPU vendors?

RESPONSE

Questions seeking to identify which postal officials in which offices are involved in the solicitation and administration of CPU vs. VPO contracts stray far afield from whether the nature of the service changes resulting from the RAO Initiative would be consistent with the policies of Title 39, U.S. Code. Without waiving its objection to further irrelevant inquiries, the Postal Service is willing to reveal in response to this interrogatory that solicitations for both types of contracts, negotiations related to both and approval of both are managed by the USPS Procurement and Supply Management function in Denver CO, which works with field personnel in the Districts that are the source of CPU or VPO opportunities.

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NAPUS/USPS-T1-26

Please confirm that a CPU shares postal revenue, while a VPO would receives a flat-rate payment. Is there an established payment for a VPO? If so, what is the payment? If not, how is that amount determined, and who determines the payment?

RESPONSE

Confirmed. Issues relating to the details of VPO compensation stray far afield from whether the nature of the service changes resulting from the RAO Initiative would be consistent with the policies of Title 39, U.S. Code. Without waiving its objection to further irrelevant inquiries, the Postal Service is willing to state that it expects VPO compensation to vary based on specific supplier bids and the prices ultimately negotiated with the Postal Service.

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NAPUS/USPS-T1-27

Please explain the distinctions in administration and oversight of a post office, station/branch, CPU and VPO. Please include the customer complaint process and complaint resolution process for each type of facility.

RESPONSE

Administrative oversight for all postal retail and alternative access retail operations within the service area of a particular postal District office are the responsibility of that office and its subordinate Post Offices, subject to guidance related to CPUs and VPOs from the Denver CO office identified in response to DBP/USPS-25. A customer with a complaint about a postal retail experience could present their concerns to the Postmaster or other official in charge of the facility, or that person's superiors. They also can use a telephone to call 1-800-ASK-USPS (1-800-275-8777), or communicate by clicking on the *Customer Service* icon in the top left corner of the www.usps.com homepage, which will lead them to the *Send Us An Email* function. Customers with a complaint about a VPO or CPU experience can also bring their concern to the attention of the Postmaster in whose service area the VPO or CPU operates, as well as the Postmaster's superiors. They also could exercise the other options described above.

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NAPUS/USPS-T1-28

Are there any restrictions on what types of commercial enterprises may be designated a VPO? If so, please explain.

RESPONSE

The same as for a CPU: Establishments that serve alcoholic beverages are not qualified.

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NAPUS/USPS-T1-29

Will VPOs accept or distribute letter mail or parcels? If so, what training will the acceptance and distribution personnel receive, and who will train?

RESPONSE

Acceptance and distribution are not part of the VPO concept at this time. VPO operators may hold outgoing mail for customers to present to postal personnel for acceptance and postmarking. VPOs will not be postmarking or otherwise accounting for mail pieces they are asked to tender to the Postal Service.

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NAPUS/USPS-T-1-30

Will a VPO be required to provide space for post office boxes? If not, where would the post office boxes be located and how will they be secured?

RESPONSE

Yes, in those cases where a particular VPO contract calls for it.

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NAPUS/USPS-T1-31

At the conclusion of a VPO contract, or if a VPO contract is terminated, how will the USPS assure continuation of service to the impacted community?

RESPONSE

The Postal Service will assess available alternatives in the locality and determine whether to pursue establishment of another alternative or promote existing ones.

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NAPUS/USPS-T1-35

Please compare the parameters of the initial feasibility study conducted pursuant to the RAO, and compare with the pre-proposal study conducted in conformance to *Handbook PO-101*, section 22. 4

RESPONSE:

While this question is not particularly clear, use of "feasibility study" has not always been consistent given its use in various contexts both internal and external to retail facility discontinuance studies. A "pre-proposal investigation" is explained in PO-101 section 22, *Pre-Proposal Investigation*; that section speaks for itself, but describes steps taken prior to the posting of any formal proposal for the requisite 60 days. "Feasibility study" can refer to (1) a pre-proposal investigation, (2) an early evaluation of whether a discontinuance study should be undertaken, (3) an investigation co-extensive with a pre-proposal investigation and anything that occurred beforehand, (4) an entire discontinuance study, or (5) a mix of these.

When a discontinuance study is commenced at the direction of a District Manager, some investigation of the facility may be conducted before a formal discontinuance study gets authorized. This illustrates the most narrow definition of "feasibility study."

Yet when the Vice-President, Delivery and Post Office Operations authorizes the conduct of a discontinuance study, every action that follows regarding a particular facility prior to the signing of a final agency decision can also be described as a feasibility study. Should, for example, the Vice-President

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RESPONSE to NAPUS/USPST1-35 (continued)

conclude based on the administrative record not to finalize a proposed discontinuance, the entire study would have demonstrated the infeasibility of a particular proposal, and could therefore be referred to as a feasibility study.

These variations illustrate a challenge the Postal Service faces whenever it explains plans for a possible discontinuance. Customers are sometimes wont to assert that the decision has already been made, although as a matter of law that cannot be true until a final agency decision is made. Yet the Postal Service is also obliged, as a matter of law, to present a planned set of changes before it can get meaningful feedback from customers; that is necessary to the transparency inherent in any discontinuance study. The challenge inherent in meeting both of these goals in any discontinuance context gives rise to the various uses of the term "feasibility study."

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NAPUS/USPS-T1-36

Please refer to USPS-T-1, page 19, footnote 17. You state that a community meeting is required at either the initial feasibility study stage, or at the post-proposal stage.

Please confirm that only one meeting would occur on a specific candidate facility, and that meeting would cover both stages.

Please indicate the duration or timeline of the “initial feasibility stage.”

If there is no time limit, is there a requirement for community meetings at particular increments (e.g., annually) for a candidate post office?

RESPONSE:

Please refer to the response to NAPUS/USPS-T1-35. The point made in testimony by Mr. Boldt is that a community meeting can occur prior to, or subsequent to, the formal posting of a proposal. So long as a community meeting occurs prior to a final agency decision, the exchange between postal officials and customers at a community meeting informs the decision whether to proceed to a final agency discontinuance decision.

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NAPUS/USPS-T1-37

Please refer to *Handbook PO-101*, section 25 (Community Meeting) and reference the previous question. Is a separate community meeting required for each candidate post office within the initial feasibility stage and/or the post proposal stage, or would the USPS conduct joint meetings to cover multiple facilities?

RESPONSE:

Please see the responses to NAPUS/USPS-T1-35-36. Joint meetings are generally not conducted.

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NAPUS/USPS-T1-38

Please refer to *Handbook PO-101*. Please explain the distinction between the communications with customers and stakeholders that are initiated pursuant to the pre-proposal investigation, as compared to the communications that take place at the proposal stage.

RESPONSE:

Please see the responses to NAPUS/USPS-T1-35-37. Most typically, communication with customers during the pre-proposal stage would consist of a "Dear Customer" letter and a community meeting. Once the proposal is posted (which itself constitutes communication to customers), customers have an opportunity to communicate in writing, which usually elicits a written response from the Postal Service.

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NAPUS/USPS-T1-39

Please refer to *Handbook PO-101*, section 321.1 and 321.2. Please explain the distinction between the items evaluated in each of the two sections.

RESPONSE:

These subsections assist coordinators in addressing different aspects of the effects upon a community, only some of which relate to the provision of postal services. A bulletin board, for example, might be used to announce community meetings unrelated to postal service.

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NAPUS/USPS-T1-40

Please refer to *Handbook PO-101*, section 321.2. Please explain how the USPS evaluates the importance of a post office, as the sole representative of the government, to a community Please explain how the USPS evaluates the importance of a post office as the focal point of the community

Please explain how the USPS evaluates the economic impact that the presence of a post office has on the community

Please explain how the USPS evaluates the social impact, including communal cohesion, that the presence of a post office has on a community

Please explain how the USPS evaluates the presence of a post office to vulnerable populations, such as senior citizens and mobility impaired citizens

Please explain how the USPS evaluates the degree to which a community utilizes broadband digital communications

RESPONSE:

This question appears to identify possible roles that a Post Office might be perceived by some to play in a community, ones that might be analyzed in terms of various subsections to Section 32 of PO-101. As such, each would be analyzed in the context that an individual Post Office presents.

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NAPUS/USPS-T1-41

Please refer to POIR 1, question 8. Who would make the assessment of the ability of remaining postal facilities to absorb the increased retail traffic resulting from the discontinuance of a facility?

RESPONSE:

Postal officials responsible for the conduct of each discontinuance study would make such judgments. The Vice-President, Delivery and Post Office Operations, makes the final agency decision, which would embody the final judgment.